

HOUSE BILL 2021  
By Joyce

AN ACT to amend Tennessee Code Annotated, Section 50-7-301(c) being a portion of the Tennessee Employment Security Law and relative to unemployment compensation.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 50-7-301(c), is amended by adding the following language as a new subdivision (4):

"Voluntary Withholding of Income Tax from Benefits. -- (a) An individual filing a new claim for benefits shall, at the time of filing such claim, be advised that:

- (1) Benefits are subject to federal, state and local income tax;
- (2) Requirements exist pertaining to estimated tax payments;
- (3) The individual may elect to have federal income tax deducted and withheld from the individual's payment of benefits at the amount specified in the Federal Internal Revenue Code; and
- (4) The individual shall be permitted to change a previously elected withholding status.

(b) Amounts deducted and withheld from benefits shall remain in the unemployment fund until transferred to the federal taxing authority as payment of income tax.

(c) The commissioner shall follow all procedures specified by the United States Department of Labor and the Federal Internal Revenue Service pertaining to the deducting and withholding of income tax.

(d) Amounts shall be deducted and withheld under this section only after amounts are deducted and withheld for any overpayments of benefits, child support obligations, food stamp overissuances or any other amounts required to be deducted and withheld under this act."

SECTION 2. This act shall take effect January 1, 1997, the public welfare requiring it.

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